



CITY OF SCOTTSDALE

March 22, 2011 - STATE LEGISLATIVE UPDATE

March 22 will be the 72nd day of the 2011 Legislative Session. As of Friday, March 11, 1337 bills had been introduced, 8 bills have passed, and 7 bills have been signed by the Governor.

SCOTTSDALE LEGISLATION

SB 1203, Revitalization Districts, Revisions

SB 1203 is a "clean-up" bill of last year's HB 2003, which established a new special taxing district known as a Revitalization District. HB 2003 was the City of Scottsdale's priority legislation last year and the City was successful in its eventual passage into state law. Representative Michele Reagan was the bill's sponsor and has agreed to sponsor this year's continuation bill in her new role as State Senator.

Bill Sponsor: Senator Michele Reagan (Scottsdale)

Status: SB 1203 passed the Senate Thursday March 10th with a vote of 20-10

SB 1153 City Auditor, Access to Information

SB 1153 will allow a City Auditor, in the performance of the Auditor's official duties, to review the minutes of City's executive session meetings. In addition, the legislation would provide that information that a City Auditor is using in the performance of official duties would be kept confidential and exempt for the State's public records request laws.

Bill Sponsor: Senator Michele Reagan (Scottsdale)

Status: SB 1153 passed out of the Senate on February 3rd with a vote of 29-0. It passed the House Government Committee on February 23rd with a vote of 7-0.

PUBLIC SAFETY

SB 1352, Photo Radar Prohibition

SB 1352 would prohibit local governments from using all photo enforcement systems to identify violators of traffic signals and speed restrictions.

Sponsor: Senator Frank Antenori (Tucson)

Status: SB 1352 passed the Senate Government Reform Committee but FAILED on final vote in the Senate with a vote of 15-15.

SCR 1029, Photo Radar Prohibition

SCR 1029 would place a question on the 2012 general election ballot asking voters choose to prohibit the use of photo enforcement systems by a state or local authority.

Sponsor: Senator Frank Antenori (Tucson)

Status: SCR 1029 passed the Senate Government Reform Committee on February 17 and is awaiting a vote on the Senate floor.

SB 1379, Consumer Fireworks, Regulation

The strike-everything amendment to SB 1379 makes several changes to last year's fireworks legislation including a provision that would prevent a municipality from prohibiting the use of consumer fireworks between June 15 through July 5 and between December 12 through January 2

Sponsor Senator Frank Antenori (Tucson)

Status SB 1379 passed the Senate on March 10th with a vote of 22-8

HB 2153 Municipalities, Counties, Fire Sprinkler Code

HB 2153 will prohibit cities and counties from imposing a fine, penalty, or requirement to require fire sprinklers in a single family residence. The bill stipulates that the prohibition on fire sprinkler requirements would not apply to cities or towns that have adopted a fire sprinkler requirement prior to December 31, 2009. The language of HB 2153 does not provide clarity as to whether a city whose fire sprinkler ordinance was adopted prior to this date would be able to amend or update their fire codes without risk of losing the grandfathered-date protection.

Sponsors Representative Steve Montenegro (Avondale)

*Status HB 2153 was **signed by Governor Brewer** on March 9, 2011*

FINANCE

HB 2193, Municipal Water Charges, Responsibility

HB 2193 would prohibit municipalities from requiring payment for unpaid water and wastewater rates from anyone other than the person who made the contract, resided at the property, and received the service. The bill would also prohibit municipalities from refusing service on the basis of unpaid water and sewer fees to anyone but the person who resided at the property and received the service.

HB 2193 also would allow anyone to *voluntarily* contract with a city for water and sewer service and provide payment for those services. However, the bill creates a loophole because a person who *voluntarily* contracts for water and sewer service is *only* required to make payment if they physically reside at the property.

Sponsor Representative Jim Weiers (Phoenix)

Status HB 2193 passed the House on March 1st with a vote of 49-8 and has been assigned to the Senate Water, Land Use, and Rural Development Committee

SB 1166 Municipal Tax Exemption, Commercial Lease

SB 1166 would prohibit a city from levying a sales tax on the gross proceeds of sales or gross income from a commercial lease where a corporation leases real property to another corporation of which at least 80 percent of the voting shares of each corporation are owned by the same shareholder.

Sponsor Senator Steve Yarbrough (Chandler)

Status Passed Senate on February 8th with a vote of 21-8 and has been referred to House Ways & Means Committee

SB 1220 Uniform Local Sales Tax Base

SB 1220 would repeal current statutes authorizing municipalities to collect the sales tax they levy and to determine the tax base on which to levy the tax – effectively repealing the Model City Tax Code (MCTC). The MCTC is used by cities and towns to customize their revenue collection system to reflect the policy decisions made by municipal leaders and the public. SB 1220 would require that all sales tax revenue be collected by the Arizona Department of Revenue and then redistributed to cities and towns.

Passage of SB1220 would effectively end municipal tax classifications that are not consistent with State classifications.

Sponsor Senator Steve Pierce (Prescott)

Status SB 1220 was HELD in the Senate Finance Committee

SB 1221 Urban Revenue Sharing, Distribution Freeze

SB 1221 would place a twenty-year freeze on the distribution levels of urban shared revenues to cities and towns. The bill would cap the twenty-year distribution rate at the same level as was distributed for FY09/10. During the twenty-year freeze, any monies in excess of what is distributed to cities and towns would be used to pay the State's debt obligations on the sale and lease-back of state properties and to retire bonds for multipurpose facilities.

Sponsors Senators Steve Pierce (Prescott)

Status SB 1221 was HELD in the Senate Finance Committee

SB 1322 – Cities, Services, Managed Competition

SB 1322 was amended to only require a city with a population of over 500,000 persons to furnish all municipal services with an anticipated cost of greater than \$75,000 via a service contract that has been entered into through open and competitive bidding.

Sponsor Senator Frank Antenori (Tucson)

Status SB 1322 passed the Senate Government Reform Committee on February 9th with a vote of 5-2 and is awaiting a hearing in the Committee of the Whole

SB 1525 Municipal Development Fees

SB 1525 would make several changes to the way local governments can assess and collect development impact fees. The provisions of the bill would place further restrictions on the types of fees and how the fees are calculated as well as extending the current rate freeze that was enacted by the previous Legislature.

Sponsor Senator Russell Pearce (Mesa)

Status SB 1525 passed Senate Government Reform Committee on February 9th and passed the Senate on February 28th with a vote of 16-13



State Legislative Update

March 22, 2011



Legislative Update

- March 22 is the 72nd day of the First Regular Session of the 50th Legislature
- 1337 bills have been introduced
- 8 bills have passed, 7 signed by Governor

Revitalization District Legislation SB 1203

- “Clean up” bill from last year’s HB 2003 (Revitalization Districts)

*SB 1203 was introduced by Senator Michele Reagan
Passed the Senate on March 10th with a vote of 20-10*



City Auditor, Access to Information SB 1153

- Allows a City Auditor to review the minutes of Executive Session meetings – only in the performance of the Auditor’s official duties
- City Council must vote to allow Auditor to exercise this authority
- Allows Auditor to keep information gathered during an audit confidential

*SB 1153 was introduced by Senator Michele Reagan and
passed the Senate of February 3rd Passed House Gov
Committee on February 23rd*



SB 1352 Photo Radar Prohibition

- Would prohibit local governments from using photo enforcement systems to identify violators of traffic signals and speed limits

SB 1352 was introduced by Senator Frank Antenori (Tucson) and FAILED on a 3rd Read vote in the Senate (15-15)



SCR 1029 Photo Radar Prohibition

- Would place a question on the 2012 General Election ballot asking voters to choose to prohibit the use of photo enforcement systems by the State or local government

SB 1352 was introduced by Senator Frank Antenori (Tucson) and passed the Senate on March 10th with a vote of 18-12



SB 1379 Consumer Fireworks, Regulation

- Makes several changes to last year's fireworks legislation
- Would prevent municipality from prohibiting the use of consumer fireworks between June 15 through July 5, and December 12 through January 2

SB 1379 was introduced by Senator Frank Antenori (Tucson) and passed the Senate with a vote of 22-8



HB 2153 Municipalities, Fire Sprinklers

- Prohibits a city, town or county from adopting an ordinance that mandates the installation of fire sprinklers in single family homes
- Contains grandfather clause exempting city ordinances adopted prior to December 31, 2009

HB 2153 was introduced by Representative Steve Montenegro (Avondale), and was signed by the Governor on March 9, 2011



HB 2193 Municipal Water Charges, Responsibility

- Prohibits municipalities from requiring payment of unpaid water & wastewater fees from anyone other than the person who signed the contract, resided at the residence, and received water service
- Prohibits municipalities from refusing service for unpaid water fees to anyone but the person who resided at the property and received the water service
- A person who voluntarily contracts for water service is only required to make payments for service if they physically reside at residence

HB 2193 was introduced by Representative Steve Montenegro (Avondale), passed House 49-8



SB 1220 Uniform Local Sales Tax Base

- SB 1220 would repeal statutes authorizing municipalities to collect the sales tax they levy and to determine the tax base on which to levy the tax
- Establishes a new uniform tax base for all municipalities
- All sales tax revenue would be collected by the Dept of Revenue (DOR) and then distributed to each municipality in the same manner as was previously used by the municipalities that used DOR for collection and disbursement

SB 1220 was introduced by Senators Steve Pierce (Prescott) and was HELD in Senate Finance Committee



SB 1221 Urban Revenue Sharing, Distribution Freeze

- SB 1221 would freeze the distribution of Urban Revenues to cities at FY 09/10 rate until 2030
- All revenues above the frozen rate would divert to the State General Fund to pay for
 - Debt service on the sale/lease back of State buildings
 - Supplanting sales tax payments to retire bonds associated with multipurpose facilities and with the Phoenix and Tucson convention centers

SB 1221 was introduced by Senators Steve Pierce (Prescott), and was HELD in the Senate Finance Committee



SB 1322 Cities, Services, Managed Competition

- SB 1322 was amended to only require a city with a population over 500,000 to furnish all municipal services with a cost greater than \$75,000 through a competitive service contract

SB 1322 was introduced by Senator Frank Antenori (Tucson) and passed Senate Government Reform Committee (5-2) and is awaiting a 3rd Read vote in the Senate



SB 1525 Municipal Development Fees

- SB 1525 makes several changes to how local governments can assess and collect development impact fees
 - Further restricts the items for which impact fees can be charged,
 - Changes how impact fees are calculated,
 - Redefines which developments must benefit from impact fees and the process for updating a city's infrastructure improvement plan,
 - Creates a new "Advisory Committee" in each city



SB 1525 Municipal Development Fees

- SB 1525 (cont)
 - Sets up an extensive "offset" provision for other taxes and revenues collected from homeowners,
 - Establishes a new impact fee refund provision,
 - Greatly extends timelines for adoption of fee schedules,
 - Extends the "grandfather" provision for freezing rates on approved developments from two years to five years

SB 1525 was introduced by Senator Russell Pearce (Mesa) and passed the Senate on February 28th (16-13)





Any Questions?



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State Budget

- Estimated shortfall in current (FY11) budget is \$763 million.
- Estimated shortfall in FY12 budget is \$1.2 billion.
- Governor Brewer released her proposed FY11 and FY12 budgets on Friday, January 14, 2011.

Governor's FY11 Budget (proposed) *Estimated \$763M deficit*

Budget Reductions:	\$107 million
Rollovers:	\$245 million
New Debt:	\$330 million
Federal Funds:	\$101 million
Fund Transfers:	<u>\$66 million</u>
Total FY11 corrections: \$849 million	

*Governor's Budget
FY12 (proposed)*

Net Budget Reductions: \$1.1 billion
Medicaid Rollovers: \$115 million
Fund Transfers: \$85.7million
Local Contributions: \$52.4 million
Total FY12 corrections: \$1.3 billion

*Governor's Budget
FY12 (proposed)*

- Local Contributions: \$52.4 million
 - Approximately \$20 million impact to cities and towns.
 - \$12.8 million shift of DPS funding -- from State Highway Fund to Highway Users Revenue Fund (HURF).
 - Approx \$6-7 million in new user fees to be paid by municipalities to fund portions of the Department of Water Resources.

Senate Budget (FY12)

- Released on March 16th and passed Senate March 17th.
- Proposes approx. \$350 million additional cuts than Governor's budget.

K-12	\$172 M
Universities	\$ 65 M
DES	\$ 47 M
DHS	\$ 20 M
Local Gov't	\$ 46 M

Senate Budget Impact to Cities and Towns

HURF Impact to all Cities & Towns

HURF shift to fund DPS	\$12.8 M	(Senate & Governor)
HURF shift to fund MVD	<u>\$26.3 M</u>	(Senate only)
Total HURF impact	\$39.1M	

HURF Impact to Scottsdale

HURF/DPS	\$497 K	(Senate & Governor)
HURF/MVD	<u>\$1.03 M</u>	(Senate only)
Total HURF (Scottsdale)	\$1.53 M	

DWR Fees	\$7 M	(Senate & Governor)
DWR fees (Scottsdale)	<u>\$352,500</u>	
Total HURF/DWR (Scottsdale)	\$1.88 M	

***Budget Comparison
Impact to Cities and Towns***

GOVERNOR		SENATE	
<u>Statewide</u>		<u>Statewide</u>	
HURF/DPS	\$12.8M	HURF/DPS	\$12.8M
DWR	\$ 7.0M	DWR	\$ 7.0M
Total	\$19.8M	HURF/MVD	\$26.3M
		Total	\$46.1M
 <u>Scottsdale</u>		 <u>Scottsdale</u>	
HURF/DPS	\$497,000	HURF/DPS	\$ 497,000
DWR	\$352,500	DWR	\$ 352,500
Total	\$849,700	HURF/MVD	\$1,033,100
		Total	\$1,882,800

***Revitalization District Legislation
SB 1203***

- “Clean up” bill from last year’s HB 2003 (Revitalization Districts).

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- SB 1322 was amended to only require a city with a population over 500,000 to furnish all municipal services with a cost greater than \$75,000 through a competitive service contract.

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 - Further restricts the items for which impact fees can be charged;
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 - Establishes a new impact fee refund provision;
 - Greatly extends timelines for adoption of fee schedules;
 - Extends the "grandfather" provision for freezing rates on approved developments from two years to five years.

SB 1525 was introduced by Senator Russell Pearce (Mesa) and passed the Senate on February 28th (16-13) and will heard today in the House Government Committee.

SB 1201 Firearms Omnibus

- SB 1201 makes several changes to the use and regulation of firearms.
- Prohibits a municipality from barring firearms from any "public establishment" or "public event" unless:
 - Law enforcement officers, armed guards; and
 - Metal detectors, x-ray, screening equipment; and
 - Posting of signs; and
 - Firearms lockers.
- Exemption for public establishments or public events that have a specific liquor license.

SB 1201 was introduced by Senator Ron Gould (Lake Havasu) and passed the Senate 21-8. House hearing on Thursday.

Any Questions?